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ANNUAL REPORT  
OF  
THE  
KROGER  
GROCERY & BAKING  
COMPANY

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1928





MAY 18-32 1113 HG

### OFFICERS

B. H. KROGER . . . . . *Chairman of the Board*  
W. H. ALBERS . . . . . *President and Gen. Manager*  
A. L. NAGEL . . . . . *Vice-President*  
B. H. KROGER, JR. . . . . *Treasurer*  
GEO. G. MEINERS . . . . . *Secretary*  
L. J. HUERKAMP . . . . . *Ass't Sec'y and Treas.*

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### DIRECTORS

W. H. ALBERS ✓	B. H. KROGER, JR. ✓
JAMES FOGARTY ✓	C. F. KROGER ✓
JOHN M. HANCOCK ✓	GEO. G. MEINERS ✓
B. H. KROGER ✓	A. L. NAGEL ✓
J. B. BONHAM	B. H. WILKEN
PAUL SIMS ✓	

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## PRESIDENT'S REPORT

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Cincinnati, Ohio, February 5, 1929.

To the Stockholders of  
The Kroger Grocery & Baking Company:

In submitting the Annual Report of The Kroger Grocery & Baking Company for the fiscal year which ended December 31, 1928, I wish to bring to the attention of our stockholders the outstanding achievements of the company during the year, which are:

—We have added 1,511 stores during the year, closing with 5,260 in operation.

—We have shown the largest increase in sales in any one year's history of the company amounting to \$46,111,197.24.

—The earnings have shown a satisfactory increase. Expenses were extraordinary, due to the absorbing of numerous companies which were purchased on a very good basis,—the ratio of both earnings and book value to purchase price being better than corresponding ratio for the Kroger company. The earnings per share on the average number of shares of Common Stock outstanding during the year were \$4.58 compared to \$4.20 of the year previous.

—The book value per share on the total shares outstanding at the close of the year was \$28.91 compared to \$17.44 the year previous.

—The business has been organized into Division Management Units, which gives our General Managers closer contact with store operations.

—The acquisition of the majority of common stock of Piggly Wiggly Corporation which owns numerous pat-



ents, will show increasing earnings each year, as the royalty of one-half of one percent of all the sales of all Piggly Wiggly Stores throughout the world (Mexico excepted), will grow as these units are developed.

—Your company also owns and operates 403 Piggly Wiggly stores, and will expand in various cities where Kroger stores now operate.

—Our organization stood a real test in absorbing these companies and the utmost satisfaction to the stockholders should be, not alone in the increased earning possibilities but perhaps even more in the proven capability of Kroger management.

—Your company's financial condition also has been greatly improved during 1928, as the balance sheet attests.

These are the tangible proofs of progress made by The Kroger Grocery & Baking Company during 1928. But these visible developments, satisfactory as they may be, are not as important as the maintenance of our high standard of goods and service, and particularly the splendid co-operation of our organization. When sixteen thousand people are inspired to work as one man toward a desired goal, there is but little doubt that their purpose will be achieved. The uniform operation and co-ordination essential for the satisfactory maintenance of 5,260 units in 13 states in 57 cities and 1,216 communities, is the task of your company. That each man feels this to be his duty, and that each man does his duty makes the Kroger organization the unique body that it is.

In submitting this report I take occasion to thank all my associates for their whole-hearted co-operation which has made these results possible, which I am confident will enable us in this coming year to achieve the benefits of our growth in 1928.

Respectfully submitted,

WILLIAM H. ALBERS, *President.*

# THE KROGER GROCERY COMPARATIVE BALANCE SHEET DEC

ASSETS	December 31, 1928	December 31, 1927
<b>CURRENT ASSETS</b>		
Cash .....	\$ 7,242,311.43	\$ 1,903,498.92
Marketable Securities .....	1,122,229.85	
Accts. and Notes Receivable.....		
Customers .....	443,044.65	193,710.29
Officers and Employees .....	120,190.44	16,819.26
Claims and Advances.....	301,734.31	198,213.40
Inventories (at Cost not in excess of market) .....	21,784,495.95	12,244,169.80
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TOTAL CURRENT ASSETS.....	\$31,014,006.63	\$14,556,411.67
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Investments and Advances in other Co.'s .....	\$ 6,280,679.57	\$ 43,920.65
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Deferred installment notes receivable for sale of property secured by Real Est. plus accrued interest.....	\$ 261,229.18	\$ 287,604.18
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Common Stock of Company issued and held for sale to employees, less cash received thereon .....	\$ 247,770.35	\$ 38,040.50
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<b>CAPITAL ASSETS</b>		
Land, Bldgs., and Equipment at stores, factories and warehouses at cost, less reserve for depreciation.....	\$18,844,732.63	\$ 9,415,960.67
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Good Will .....	\$ 1.00	\$ 1.00
	<hr/>	<hr/>
Deferred Charges .....	\$ 465,837.89	\$ 150,323.53
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TOTAL .....	\$57,114,257.25	\$24,492,262.20
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\*On Properties of newly acquired comp



AND BAKING COMPANY  
 EMBER 31, 1928 AND DECEMBER 31, 1927

LIABILITIES	December 31, 1928	December 31, 1927
CURRENT LIABILITIES		
Accts. Payable .....	\$ 8,086,036.37	\$ 3,933,279.14
*Notes Payable .....	561,746.01	
Accrued Expenses .....	352,744.21	107,515.81
Dividends declared and payable.....	2,363.75	2,363.75
Provisions for Federal Taxes.....	825,798.87	690,808.86
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TOTAL CURRENT LIABILITIES.....	\$ 9,828,689.21	\$ 4,733,967.56
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Reserves for Insurance, etc.....	\$ 446,566.87	\$ 353,588.78
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Receipts from employees on subscriptions for unissued Common Stock.....	\$ 1,419,564.02	\$ 942,778.74
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*Mortgage Payable .....	\$ 48,400.00	
*Mortgage Bonds .....	127,500.00	
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	\$ 175,900.00	
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Foltz Grocery & Baking Co. 7% Pre- ferred Stock, Assumed .....	\$ 729,000.00	
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CAPITAL STOCK		
1st Preferred (\$100 par).....	\$ 81,400.00	\$ 81,400.00
2nd Preferred (\$100 par).....	65,300.00	65,300.00
COMMON NO PAR		
2,000,000 shares authorized.....		
1,534,618.7 shares outstanding Decem- ber 31, 1928.....	27,366,191.83	5,252,116.50
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	\$27,512,891.83	\$ 5,398,816.50
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SURPLUS		
Capital Surplus .....	\$ 382,475.00	\$ 382,475.00
Earned Surplus .....	16,619,170.32	12,680,635.62
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	\$17,001,645.32	\$13,063,110.62
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TOTAL .....	<u>\$57,114,257.25</u>	<u>\$24,492,262.20</u>

panies, which will be cancelled in 1929.

# COMPARATIVE STATEMENT OF PROFIT AND LOSS AND SURPLUS ACCOUNTS FOR YEARS ENDING DE- CEMBER 31, 1927 AND DECEMBER 31, 1928

	Year 1928	Year 1927
Sales .....	\$207,372,550.90	\$161,261,353.66
Cost of Sales.....	173,737,555.34	133,152,733.75
GROSS PROFIT .....	<u>\$ 33,634,995.56</u>	<u>\$ 28,108,619.91</u>
Other Income		
Interest .....	\$ 112,427.95	\$ 25,667.05
Discount on Purchases.....	1,183,433.62	896,760.00
	<u>\$ 1,295,861.57</u>	<u>\$ 922,427.05</u>
GROSS INCOME .....	<u>\$ 34,930,857.13</u>	<u>\$ 29,031,046.96</u>
Deduct		
Store Expense .....	\$ 26,234,016.84	\$ 22,032,797.93
Depreciation .....	1,273,181.49	1,054,643.10
Administrative Expense .....	1,152,454.59	852,050.03
	<u>\$ 28,659,652.92</u>	<u>\$ 23,939,491.06</u>
NET PROFIT .....	<u>\$ 6,271,204.21</u>	<u>\$ 5,091,555.90</u>
Deduct		
Interest .....	\$ 218,779.49	23,642.68
	<u>\$ 6,052,424.72</u>	<u>\$ 5,067,913.22</u>
Deduct		
Federal Income Taxes.....	728,839.09	690,808.86
Net Profit after Interest and Taxes.....	<u>\$ 5,323,585.63</u>	<u>\$ 4,377,104.36</u>

## SURPLUS ACCOUNT

Balance at Beginning of Year.....	\$ 13,063,110.62	\$ 9,875,646.51
Net Profit after Interest and Taxes.....	5,323,585.63	4,377,104.36
	<u>\$ 18,386,696.25</u>	<u>\$ 14,252,750.87</u>
Dividends Paid		
1st Preferred, 6%.....	4,884.00	6,180.00
2nd Preferred, 7%.....	4,571.00	5,761.00
7% Cumulative Preferred.....		35,693.56
Common—Cash .....	1,127,953.50	1,025,168.00
Common—Stock .....	262,567.00	250,075.50
	<u>\$ 1,399,975.50</u>	<u>\$ 1,322,878.06</u>
	<u>\$ 16,986,720.75</u>	<u>\$ 12,929,872.81</u>
Direct Credits and Charges to Surplus		
Profits realized by sale of property less provision for income tax thereon.		194,367.71
Premium paid on redemption Pref. Stock.		96,340.00
Sundry other credit adjustments.....	14,924.57	35,210.10
	<u>\$ 14,924.57</u>	<u>\$ 133,237.81</u>
Balance of Surplus end of year.....	<u>\$ 17,001,645.32</u>	<u>\$ 13,063,110.62</u>



### CERTIFICATE OF AUDIT

We have audited the books and accounts of The Kroger Grocery and Baking Company for the year ended December 31, 1928, and

WE HEREBY CERTIFY that, in our opinion the accompanying Balance Sheet and Statement of Profit and Loss and Surplus Account for the year are correct.

R. J. BEAMAN & Co.

By R. J. Beaman,  
*Public Accountants and Auditors.*







